

IN SEARCH OF MATURITY IN INDUSTRIAL RELATIONS

**SOME LONG-RANGE ETHICAL IMPLICATIONS OF THE
1959-1960 DISPUTE IN THE STEEL INDUSTRY**

The Report of a Special Committee

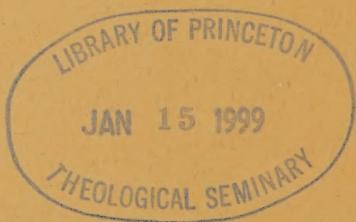
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Division of Christian Life and Work

The National Council of the Churches of Christ in the U. S. A.

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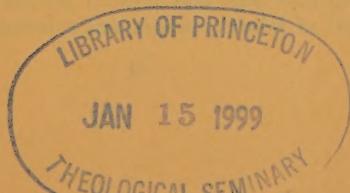


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In search of maturity in
industrial relations

TABLE OF CONTENTS

FOREWORD	4
REPORT OF THE SPECIAL COMMITTEE	
INTRODUCTION	6
I Bigness and the Concentration of Power as an Ethical Issue	8
II Questions Posed by the Intervention of Government	10
III What Caused the Strike? What Ethical Issues Were Involved?	15
Inflation	17
Work Rules	18
The Strike Settlement in Relation to These Two Basic Issues	20
IV The Role of Mass Communications in the Dispute . .	22
V Some Ethical Implications: Summary and Conclusion	25
APPENDICES	
A. A Chronology of the Steel Dispute	27
B. A Brief Analysis of Facts and Issues Related to the Dispute	34
A SELECTED READING LIST	38
SUGGESTIONS FOR USE OF THIS REPORT IN THE CHURCHES	Back Cover



FOREWORD

The objective of the churches in the field of labor-management relations is both simple and basic. It is to help the development of the climate, attitudes, and methods by which the two parties may maintain relationships that are fair and just to each other and a contribution to the general welfare. Actually much of the total outreach of the churches should and does have some bearing on this concern. But this general program needs within it a sustained focus on labor-management relations so that the churches may gain the needed specialized understanding and skills for this task.

The Department of the Church and Economic Life has felt that the churches would be greatly helped by bringing the 1959 steel dispute into a specially intensive focus. This judgment was re-enforced by many other church leaders. A special committee was therefore formed to conduct a study and make a report. The chairman of the committee is the Honorable Charles P. Taft, Cincinnati, Ohio; its vice chairman, Mr. Charles T. Douds, Harrisburg, Pennsylvania; and its editorial committee chairman, the Rev. Dr. J. Edwards Carothers, Schenectady, New York. The names of other committee members appear as signers at the end of the report.

The recent steel dispute was recognized at the time as a national emergency. In retrospect this appraisal continues. It lasted a record-breaking 116 days. Over half a million men were on strike. It was a test of strength between the equivalent of two industrial giants. The United Steelworkers of America, the union involved, is the second largest labor union in the United States. The Report of the President's Board of Inquiry indicated that at the time of submitting its first report on October 19, 1959 there were 96 companies involved in the dispute. The major negotiations were carried on with 12 of the largest companies. When a settlement came at long last it resulted from the intervention of the government, through the Vice President of the United States and the Secretary of Labor, acting on behalf of the President.

It is worth noting that in its duration and character, the steel dispute lends itself to three reactions. For one thing, it can over-dramatize the failure in this instance and hence distort the truth about collective bargaining. Each year about 100,000 contracts between labor and management are negotiated successfully and hence they rarely make the newspapers, much less the headlines. But in the steel dispute collective bargaining did not resolve the impasse of the two parties and hence it did make the news. What happened in the steel dispute should not blur the fact that collective bargaining has generally proved to be a workable way for labor and management to live together.

A second possible reaction is to leap into the judgment seat and mete out blame for what happened and for why it happened. "A plague on both your houses" or on either one of them is the mood which many felt at the time and still do. But this is not the mood or spirit in which this study was made nor is apportioning blame for the dispute as between the parties the purpose which this report is intended to serve.

But from the past one can reap much understanding for living in the present and on into the future. This suggests a third response to the steel dispute, namely, to learn from it. Here lies the reason for this study and report. The special committee posed for itself the question: "What basic factors and trends in our industrial society are revealed by the steel dispute, study of which will help the churches and church people to be more relevant and effective in the field of labor-management relations?" The members of the

special committee feel that they themselves were helped by seeking an answer to this question, and if their report will stimulate its readers to think on this question it will have admirably served its purpose.

In carrying out its assignment the special committee met for four full days at various intervals beginning in March, 1960. From the beginning it had the benefit of interviews of several of its members with the principals in the steel dispute and others closely related to it. Time was spent profitably with Secretary of Labor Mitchell; Mr. Roger M. Blough, Chairman, Board of Directors, United States Steel Corporation; President David J. McDonald, United Steelworkers of America; Mr. R. Heath Larry, one of the four members of the steel companies' negotiating team; Mr. Al Whitehouse, member International Executive Board, United Steelworkers of America, and Dr. George W. Taylor, Chairman, Board of Inquiry. Others who were helpful included Mr. Robert M. Moore, Deputy Director, Federal Mediation and Conciliation Service; Mr. James Taylor, formerly Vice President, Industrial Relations Counsellors; and Mr. Philip Arnow, Bureau of Labor Statistics, United States Department of Labor. The gratitude of the special committee is unbounded for the information and insights these persons gave but they should not be held responsible for the conclusions of this report or for any factual errors it may contain.

Voluminous papers and documents were likewise available through the general assistance of many of the above persons as well as others who were helpful. Also studied were articles and reports in numerous newspapers and periodicals.

In the interest of objective and impartial consideration of the subject of their study the special committee included no one from the steel companies or the union in its membership, nor were they present at any meeting of the special committee or of the General Committee at which the report was discussed.

However, before the report was put in its final form it was sent to the principals of the companies and the union for their comments in regard to facts and language. The response of each party proved most helpful to the special committee. Documents with numerous suggestions for changes were received from both. On request of one of the parties some of their leaders met with several from the special committee. The report as issued reflects editorial changes from the earlier draft due to the careful consideration by the special committee of the comments from both parties. Of course, the special committee alone is responsible for the report itself.

While the report does not necessarily have the agreement at all points of each member of the committee it does have the substantial agreement of all. It is supported as a document which can serve to inform and stimulate the thinking of the churches and church people in an area in our nation's life which needs the understanding and sense of responsibility of Christians in all walks of life. With this in view the special committee prepared and approved this report and the General Committee of the Department of the Church and Economic Life authorized its issuance.

CAMERON P. HALL, *Executive Director*
Department of the Church and Economic Life

November 1960

SOME LONG-RANGE ETHICAL IMPLICATIONS OF THE 1959-60 DISPUTE IN THE STEEL INDUSTRY

INTRODUCTION

Christian people have a responsibility to understand the events of society in order that they may evaluate them and reach responsible judgments concerning them. In the Old Testament the voice of the Prophets can still be heard in connection with the events of ancient times and their words have meaning for our day. The New Testament contains references to social situations Jesus confronted and his expressions of judgment concerning the daily transactions of men cannot be disclaimed. The church through the centuries has, with varying faithfulness, expressed its concern for society and the quality of the relationships which obtain within it.*

Accordingly, we feel it is the obligation of the individual Christian, as well as the obligation of the various church bodies and their properly constituted representatives, to make the most diligent effort to understand what is taking place in society. The Christian goal in this regard is to gain a sufficient understanding of events to make responsible decisions concerning them and to influence their direction on behalf of human values.

On the other hand, no claim should be made by Christian people or by the churches, as such, to a unique technical knowledge about social issues. A special obligation does rest on the individual Christian and upon the church to insure that technical knowledge is brought fully into focus as the unique insights of Christian ethics are brought to bear upon them. Awareness of the fallibility of human judgment is a continuing ingredient of the Christian assessment of social and economic processes. In this spirit this report records our consideration of some of the possible long-range implications of the ethical values involved in the dispute in the steel industry in 1959-1960. (Note: Whenever the term "industry" is used hereafter in the report it refers to both labor and management.)

Any effort to evaluate the future, risks some degree of failure. In spite of the fact that no person or collection of persons has the kind of knowledge

* In regard to the churches' responsibility to society and economic life the General Board of the National Council of Churches, in a statement on Christian Principles and Assumptions for Economic Life, adopted in September 1954, has said:

"God as we know him through Christ is the God of history, of nations and peoples, as well as of individual souls. It is his will that his Kingdom be realized among men and that his lordship be acknowledged over all principalities and powers, over every department of life, including economic institutions and practices. The Church is under a divine imperative to call all men — and especially its own members — to recognize the meaning of God's lordship over their economic activities. 'Thy kingdom come, thy will be done, on earth.'

"The Church recognizes that there are technical elements in most controversial issues which call for special knowledge and experience; that important relevant factors are often difficult to ascertain, especially in the confusion of propaganda; and that many essential elements should be blended in judgments that the Church or its members make about economic issues. This blending involves constant correction by those whose training and experience qualify them to speak on specific aspects of any problem; as well as by effective representation of all the social groups upon which economic decisions may have quite different effects.

"Thus no one of these requisites can be omitted: Christian objectives, standards, and attitudes; technical knowledge; seasoned judgment based upon actual participation in economic activities; and awareness of the human effect of any policy upon all groups of people as those groups themselves see it. All these elements must enter into the creation of the mind of the Church when the members of Christ's body seek to relate its fundamental faith and ethic to the concrete and complex economic issues in the contemporary world."

which can make forecasts that are certain, we cannot understand the present except in the light of some contemplation about the future. It is our obligation to learn as much as we can from the past in order that we may act responsibly for the future.

The recent steel dispute provides a field for learning. There were complex issues involved, and they were displayed with sufficient prominence to provide an outstanding example for study and for the illumination of experience. There were many issues involved which may not be sufficiently clear to us to provide a basis for consideration. There were some issues, however, which seemed to pose ethical problems. These are the concern of this document.

Capable of Further Maturity

If we can utilize the dispute in the steel industry for a profitable examination of the long-range implications with their special bearing on Christian concerns, it may well be possible that we can help advance methods of settling industrial differences. This is a Christian ideal which today has an urgency and practicality due to our economic development. In our inter-dependent society, work stoppages can lead to consequences of unprecedented scope to society and to individuals and families. Labor and management reveal great achievements in technology, productivity, and organization. We believe they face the challenge and possess the capability of achieving further maturity in their human relationships so that, apart from exceptional cases, deep differences will be settled without work stoppages.

The right to strike was won by workers who had little or no protection of their right to have decent working conditions with a fair wage. It is not our task to measure the degree to which this right to strike has been responsible for the evolution of higher standards for both working conditions and wages. But it seems clear enough that our society, though still maintaining the basic right to strike, has advanced to the point where work stoppages will increasingly be felt to have outlived their usefulness.

We are gratified to note that the union's contract with the Kaiser Steel Corporation, signed on October 25, 1959, contains a section that is perhaps as unique as it can be significant in the elimination of conditions that lead to work stoppages. This section establishes a committee of three members from each of the two parties and another three from the public. This joint committee's task is "to recommend for the consideration of the parties the establishment of a long-range plan for equitable sharing between the stockholders, the employees and the public of the fruits of the Company's progress. The formula shall give appropriate consideration to safeguarding the employees against increases in cost-of-living, to promoting stability of employment, to reasonable sharing of increased productivity, labor cost savings, to providing for necessary expansion and for assuring the Company's and the employees' progress." We welcome the fact that this committee has already met and is engaged in developing the program which it set for itself at an early meeting. We note with interest also the potentials of the Human Relations Research Committee which was included as a part of the settlement with the other steel companies.

Substitutes for Economic Force — Christian Aim

The position expressed above does not mean that we believe there should be a law outlawing the right to strike. We believe that the right to strike should be preserved. In a free society, dedicated to resolution of industrial differences by collective bargaining, men cannot be forced to work under

conditions totally unacceptable to them. Furthermore, a settlement without a strike could under some circumstances be more inimical to the public interest than the results of a strike. However, it is clear that the strike is not an instrument to be used frequently or in a manner that can paralyze the economy or have disastrous consequences outside the area of the companies and employees involved.

The Christian Gospel is concerned with peace. Industrial peace does not imply the absence of heated discussion or widely serious differences of opinion. Industrial peace does imply, from the Christian standpoint, the gradual evolution of sound and just substitutes for the use of economic force in the settlement of disputes without frequent or prolonged strikes.

BIGNESS AND THE CONCENTRATION OF POWER AS AN ETHICAL ISSUE

With the advance of technology we have had an increase in the size of the segments of industry. Great companies have been created to utilize the means of production and along with them large labor organizations have come into existence.

During the time when industry has been increasing in the size of its two segments, labor and management, there has also been a growth in the size of government. A technological culture up to this point seems to be characterized by bigness in management, labor, and government. Whether this is desirable or not is a very real question but we must accept the fact that this has taken place and now presents us with new types of problems connected with the plain fact that with bigness there is a corresponding concentration of power.

The steel dispute has highlighted this problem and we see more clearly than ever before that our society has many unsolved problems related to the use of power. It is obvious that enough power is now held by certain segments of our economy to make increasingly critical any acts contrary to the public interest.

Some of these great power concentrations have developed without a proved relation to efficiency of production or distribution. This type of power concentration which does not seem to be necessary for the social good should become the concern of the nation's best thinkers and we advocate attention to this problem by the churches. The assumption that bigness is inevitable everywhere if we are to achieve full value from our technology should not be accepted without the most critical examination.

On the other hand, this very quality of bigness has produced many values which serve the public interest. We apparently cannot gain or maintain the level of living or the kind of physical well-being we now enjoy without the productive capacity which arises from the efficiency of certain types of big manufacturing and distribution processes.

Learning to Control and Direct Bigness

If we are in a situation where such bigness is a natural and continuing part of our social operations then we have huge power groups in society confronting each other with their particular and special demands or even challenging

the community. The ethical problem posed by this is very complex. Our objective is well-phrased in the simple assertion that we must "learn how to control and direct this bigness, whether in business, labor, or government, in order to secure and distribute widely its benefits, and to insure the individual an opportunity to make for himself a rewarding and satisfying life." (National Council of Churches' Statement of December 2, 1959)

One proposal that has been made to solve this problem sounds quite impressive. It would limit collective bargaining to local plant or individual company levels in such a way that industrywide bargaining could not take place. On the surface this would seem to limit the power of labor so it would not be able to stop production in any way that would be disastrous to the public. However, this proposed solution ignores the realities of the steel industry. In a dispute that is nationwide in its import, local unions cannot be divorced from policy guidance by the parent union without far-reaching changes of national labor policy that would outlaw large unions entirely and reduce labor organizations to units much smaller and weaker than the companies with which they bargain. If bargaining should be restricted to a single company basis, the power of the parent union could be greater than the power of any one company. It is an ancient tactic to attempt to "divide and conquer" by achieving a settlement with a weak or friendly unit and then pressing that settlement on all others. Under the circumstances obtaining in 1959, the large steel companies exerted no pressure for local or company-wide bargaining. They made every effort to try to present a united front. Nor could that policy be denied management when it was bargaining with a single large union, which in the past has presented the whole industry with one package offer. In short, centralized bargaining on major industry-wide issues in the steel industry today seems inevitable with bigness pitted against bigness. No major change can be made in that picture without drastic changes of national labor policy that probably would not find more than limited support from either labor or management in the varied industries which engage in industrywide bargaining.

X

The majority of labor contracts negotiated in the United States do not present this extreme situation. Bargaining varies from small-union with small-company all the way up to the nation-wide steel picture. Many companies and unions are jealous of preserving smaller-scale bargaining and have succeeded in doing so with varying degrees of "pattern bargaining" limitations as well as the limitations of economic necessity. This fact does not change the steel problem or similar problems in several other large industries.

When Bargaining Between Giants Fails

Much of our existing national labor policy is based on the premise that collective bargaining, including bargaining between giants, is adequate to preserve necessary freedoms in our form of society. Besides thousands of contracts bargained out every year, other contracts are negotiated after strikes of short or long duration that have little or quite limited effect on persons other than the participants. Even in 1959, a short steel strike might have caused little concern to the whole nation. The obvious problem illustrated by the steel strike is the extremely serious situation emerging when collective bargaining between giants fails and the consequences of that failure are about to paralyze the economy and cause disaster or extreme hardship to thousands of non-participants.

Voluntary arbitration* is one possible solution. Most labor contracts provide for arbitration of contract interpretation while the contract is in force. Despite the reluctance of both management and labor to arbitrate *new* contract issues, it is used on rare occasions, usually in the public service operations where rates are regulated. A recent noteworthy illustration of arbitrating *new* contract terms is the voluntary agreement of the nation's railroads and the Brotherhood of Locomotive Engineers to submit a difficult wage issue to a voluntary arbitration proceeding. At various times in the steel dispute, either the union or the companies, but not both, were willing to submit some, but not all, of the issues to a voluntary arbitration procedure. As long as arbitration is entered into voluntarily, it is a collective bargaining device with substantial merit. If arbitration is imposed by the government, it becomes compulsory and thus a form of government control of that particular aspect of the economy.

If collective bargaining between giants fails, if arbitration is not agreed to by the parties, and if the dispute reaches a point where it endangers the nation, there are few who will wish to exclude entirely government intervention. At that point the problem is not "whether"; it is "when and how" it must intervene and to what extent.

We will now consider the various forms of government intervention including those which might lead to compulsory arbitration and to a certain degree of governmental control of the economic process involved.

II

QUESTIONS POSED BY THE INTERVENTION OF GOVERNMENT

Attitudes regarding the extent and timing of government intervention in the case of so-called "public interest" strikes range a wide scale. This spreads from the view that government action should come early and be compulsory to the contention that, despite the potential for injury to the public, it would be a useful lesson to avoid intervention of any kind to the ultimate point where the parties were driven to settlement on their own.

It would be quite unthinkable for the public to accept either of these points of view if carried to their final logical conclusions. As a practical matter, where most people differ is on the extent to which it is desirable to allow the public to be inconvenienced in order that collective bargaining should be free of interference.

Forms of Intervention in the Steel Strike

Four principal forms of governmental intervention were employed in the steel strike. To appraise this intervention, it is important to see how these different approaches were utilized.

1. The Federal Mediation and Conciliation Service, an independent agency, is the existing governmental organization established specifically to assist in resolving industrial conflict in industries other than railroads and airlines. Throughout most of its history and that of its predecessor, it has been substantially non-political as to selection of its mediators. The mediators

* Arbitration involves compulsory acceptance of the final decision of the arbitrator and is not to be confused with mediation which attempts to conciliate differing viewpoints with resulting voluntary agreement.

have three principal functions. One is to bring reluctant negotiators together, or at least to establish lines of communication. The second mediation function is to carry proposals "back and forth" between the contending parties when they are unwilling to sit "face to face" or where a few "top negotiators" on each side are willing to "try on proposals for size" outside of the formal bargaining sessions. The third and very valuable function of the skilled mediator is to make his own proposals for settlement. Any such proposals have no authority beyond the persuasiveness of the mediator and in practice are seldom made public; in that case there is no appeal for public support of proposals of the mediator.

It is a matter of record that the Federal Mediation and Conciliation Service was not successful in this steel strike despite its record of achievements in many bargaining situations. In the view of a number of careful observers the major reason for this lack of success is the fact that there has developed an attitude of expectancy in the steel industry, especially on the side of labor, that the dispute will be settled in the end through intervention by the White House, and therefore the Mediation Service in this case is less effective. In addition the Service did not or could not appeal for public support of mediation proposals and therefore these could not be a deterrent in this situation, despite the great advantages of appeals in lesser disputes where the Service has been successful.

2. The second and somewhat unusual form of intervention was by the Department of Labor. Its first aspect was the publication on August 15, 1959 of an extensive statistical analysis of most of the economic facts pertinent to the dispute. It is doubtful whether this analysis added much to the factual knowledge already in the possession of the negotiators. It did provide an official source for certain facts on which the parties appeared to differ. It also made available to the general public an authoritative source of information. To the extent that it was used by columnists, editorial writers, and others it was most helpful in affording the opportunity for a wider understanding of certain basic facts. However, by a specific notation in its Foreword, no conclusions or recommendations were provided as to how these basic facts should be used.

The Secretary of Labor also intervened personally in the dispute at several stages in a mediative capacity, including the final stages where the Vice President was also involved. Although it has not been unknown for a Secretary of Labor to act as a mediator, it is unusual since enactment of the Taft-Hartley Act, at least in the form illustrated in the steel case.

3. The third form of governmental intervention was the invocation of the emergency dispute procedures of the Taft-Hartley Act. While there are many points of view regarding the effectiveness of these procedures, to this committee one clear lesson of the steel strike is to underscore their limitations. While the general outline of Taft-Hartley procedures is well known, some basic facts are not yet clear to many people.

When in the opinion of the President it appears that a public emergency has been created as the result of a strike, he is authorized to appoint a Board of Inquiry to investigate and report to him the facts in the situation before he takes further action. Thus a Board of Inquiry is, by design, either a stepping stone to an injunction that will compel resumption of production for 80 days, or a shield against improper use of an injunction.

When the Board of Inquiry in the steel dispute was named, its members insisted on more than the statutory responsibility before accepting appoint-

ment. Permission to mediate was requested of and obtained from the President. George W. Taylor, the Chairman of the Board, has a well-deserved national reputation as one of the foremost labor mediators and arbitrators. When permission to mediate was obtained, it was a common reaction in labor relations circles that "if Dr. Taylor can't do it, nobody can."

But the Board of Inquiry failed in its extra-statutory task. It seems clear to us that the reasons for failure are essentially the same as those noted above (page 11) in regard to the Federal Mediation and Conciliation Service. Secondly, and probably more important, in the absence of mutual agreement of the parties, the Taft-Hartley Act cannot be interpreted to permit a Board of Inquiry to make recommendations public and thereby rally the support of public opinion.

4. The last and finally effective stage of governmental intervention was personal intervention by the Vice President, assisted by the Secretary of Labor and authorized by the President. This can properly be termed White House intervention.

The President had intervened early in the dispute by several public exhortations, directed specifically to the steel industry, indicating the public concern against an inflationary settlement. On a matter as important as inflation, no one can question the President's right and duty to make such a statement. While the union held from the beginning that its economic demands could be met without a price increase, management vigorously maintained that any wage increase under the union's terms would be inflationary. It was clear that many people agreed with the management view, and these statements by the President seemed to them to add the weight of government to the management side of the table on the economic issues at stake.

The subsequent intervention on the part of the Vice President and the Secretary of Labor may or may not have been intended to put some weight on the union side of the table. Unquestionably, it had that effect. The President's earlier non-inflationary exhortations were modified by emphasis on the need for an expanding economy. Most important, it is fairly clear that management was given little support at this point on the work rules issue.

It is not our purpose here to decide whether the White House intervention was right or wrong on the merits of the two basic issues.* The important point is that the White House did throw its weight, first on one side of the scales and then on the other, and a settlement was achieved under heavy White House pressure.

One of the arguments supporting the pressure, publicly acknowledged by the Vice President, was the inadvisability of resort to the last potential step of Taft-Hartley procedures, namely, action by Congress. Fortunately, that step was not taken. Under the Act, Congress presumably could have tried to decide the merits of the steel dispute after the strike had been resumed. Or, it could have passed hasty legislation to establish new procedures for final settlement, with possible wide repercussions. Most persons versed in labor relations agree that neither course of action is likely to achieve desirable results. This is especially true under pressures of an election year. Thus, the possibility of action by Congress has served in the past mainly as a "scare device" to force settlement by other means. While this may have been useful, it is questionable as national policy (though recognizing that if government is involved only Congress can have the final word.)

* These issues — inflation and the work rules — are discussed in Section III below.

War Labor Board Experience

To gain some additional insight in the area of governmental intervention, brief reference should be made to War Labor Board experience. In response to a general no-strike, no-lockout pledge and an agreement by top management and labor representatives to the establishment of a governmental agency for resolution of disputes, the War Labor Board was created and it continued from early 1942 throughout the war years. The Board was tripartite (equal representation of management, of labor, and of the public). It was non-political in character. Neither the President nor any other elected officials intervened in connection with the merits of any individual or industry dispute, even under wartime pressures. But the volume of disputed settlements was enormous. The necessity to control inflation put severe curbs on wage negotiations. The necessities of war made strikes and lockouts adverse to the public interest. A half-voluntary, half-compulsory type of arbitration existed. As a wartime expedient, most knowledgeable persons agree it was successful. Besides philosophical objections, many also feel that such a governmental agency is not a workable peacetime arrangement in the absence of patriotic and other war-time motivations.

For several years immediately following World War II, so-called fact-finding panels or boards were used as a form of governmental intervention in major disputes, including disputes in the steel industry. This device differed from War Labor Board procedures in two principal ways. When a dispute started and was in progress, no disputant could be certain that a fact-finding panel would be created. This difference limited the use of this procedure to a relatively small number of major disputes. Secondly, "fact-finders" could and did make public recommendations but neither management nor union needed to accept the recommendations except as the pressures of public opinion might force such acceptance. In a few instances, the White House did intervene after a recommendation had been made to add its prestige informally when a recommendation appeared initially to be unacceptable. The abandonment, at least temporarily, of this procedure by the Taft-Hartley emergency disputes provisions was based primarily on the contention of many persons, especially management people, that fact-finding recommendations were, in actuality, too close to compulsory arbitration or too favorable to labor.

Special Provision for Railroads and Airlines

One other still-existent form of governmental intervention should be noted briefly. The National Mediation Board is the existing agency for mediation of disputes in the railroad and airline industries. Its functions are essentially the same as those of the Federal Mediation and Conciliation Service. When the National Mediation Board fails to mediate a major dispute, the next step is a Presidential Emergency Board. These Emergency Boards have the same responsibilities as the fact-finding boards noted earlier. They investigate disputes and make public a report of the facts together with specific recommendations for settlement. For many years, these recommendations were almost always accepted. However, in recent years, there has been a tendency for the railroad unions to refuse to accept all provisions of the recommendations. Curiously enough, railroad management's frequent criticism of the National Emergency Board procedure now is that it is not close enough to compulsory arbitration — the opposite of the reaction expressed by most management people outside the railroad and airline industries with respect to "fact-finding."

We return now to the 1960 White House intervention in the steel dispute. In the absence of any statutory powers under Taft-Hartley to proceed further with the fact-finding procedure after the 80-day injunction was issued, and faced with an almost certain renewal of the strike after the injunction had expired, White House intervention was probably preferable to throwing the issue into the congressional halls for a decision. But the implications of a specific major dispute settlement, imposed either by the White House or by Congress, raise searching questions.

For example, other various agencies and procedures for emergency disputes settlements (such as the War Labor Board, Federal Mediation and Conciliation Service, National Mediation Board and fact-finding boards) have been or are essentially non-political.

Whenever any real or alleged tendency towards political influence in the agencies of government has developed, it has limited the usefulness of the agency. The blunt question is whether we want our major industrial disputes to become political footballs. If a White House imposed settlement should become the final step in very many major disputes, it is inevitable that the lower stages of seeking agreements would become futile. This is what took place in the steel dispute.

Conclusions on Government Role in Strikes

The experience of the steel strike and our appraisal of other forms of governmental intervention suggest the following conclusions:

1. Collective bargaining, assisted only when necessary by the established procedures of the Federal Mediation and Conciliation Service and the National Mediation Board and by arbitration when accepted voluntarily, should be expected to be adequate for settlement of all disputes in industries where a prolonged strike does not affect public health and safety or cripple the economy.
2. Even in industries like the steel industry, where power concentrations permit either labor to call or management to risk the start of or the prolonging of a strike and thus to use its disastrous public effects to support positions taken, governmental intervention should be undertaken reluctantly and by procedures that will not impede collective bargaining.
3. Recognizing the necessity for government to intervene in some few situations to protect the public interest, such intervention should have the following characteristics:
 - a. The mode of intervention should be designed to avoid the use of the situation for the political advantage of any party or person.
 - b. Although the casual observer in such matters may feel that a fixed procedure is desirable, this Committee's study and its own experience indicate the contrary. It is our judgment that intervention should have a high degree of uncertainty as to procedures in order:
 - (1) to permit the government to devise procedures suited to the peculiarities of each individual dispute, and
 - (2) to give neither labor nor management the assurance of any particular form of intervention, thus preventing either side from devising strategy in advance that will prevent collective bargaining or improve unfairly its own position.
 - c. It should be on a fair and impartial basis for both sides.

4. The existing emergency disputes procedures of the Taft-Hartley Law are inadequate and should be revised along the lines indicated in "3" above.

Recommended Changes in Taft-Hartley Act

Although we do not pretend to have any foolproof answers to this difficult problem, we do recommend changes in the existing law with particular reference to the Board of Inquiry procedure that will give the President discretionary powers, in appointment of a non-political Board of Inquiry, as to:

1. The timing of intervention by the Board of Inquiry.
2. The form and extent of mediation that can be employed by the Board of Inquiry.
3. A reserve provision that the Board of Inquiry may make public recommendations if the Board concludes that such a step is necessary and the President authorizes such action.

Some may feel that these suggestions, even if they should have merit, are not related to Christian ethics and could best be left to lawmakers and labor relations experts. It seems to us that important ethical principles are involved. What we are seeking to explore is the ways and means whereby maximum freedoms can be maintained in a form of government in which the Christian ideals of service to mankind through responsible use of resources and human life may flourish.

III

WHAT CAUSED THE STRIKE? WHAT ETHICAL ISSUES WERE INVOLVED?

If the steel dispute is to be understood, a basic question to be answered is "What caused the strike?" It is clear that two issues dominated the dispute at least as it was presented to the general public. These two issues were inflation and the work rules problem. We will examine these issues in a moment because they have an important bearing on how the dispute was carried out, but it is not clear to us that these two issues alone actually caused the strike.

Nearly a year before the strike started both the union and leaders of the steel companies began through extensive public relations programs to define and defend their respective positions regarding the ability or inability of the companies to finance a wage increase out of current earnings without a resulting price increase. The extent and intensity of this advance skirmishing by both sides* gave a clear impression to customers and public alike that a long struggle was in prospect.

* A report of public relations activities in the 1960 Yearbook of the American Iron and Steel Institute speaks of the program of education carried out by the Institute at the industry level from shortly after the 1956 negotiations until negotiations officially began again in May 1959. In this program "speeches by heads of steel companies which persuasively discussed steel wages, profits, foreign competition and inflation were reprinted and circulated broadly among thought leaders, customers, stockbrokers, educators, members of the clergy and steelworkers." This activity of the companies was countered by public relations activities, though apparently not so extensively, on the part of the Union.

Interpretations of Advance Build-up

Various interpretations of this extended build-up were advanced by competent observers and these interpretations, though denied at points by the parties to the dispute, affected the climate of opinion.

Prominent among the explanations thus offered by observers for the claim of the union that it should continue the same rate of economic progress for its members as under its 1956 agreement was the argument that union leaders have to "bring home the bacon" or they will lose their jobs. An added point to this argument was that in the case of big unions the amount of "bacon" had to be greater than that "brought home" by other big unions.

With respect to the management side, other experienced observers noted that successive settlements in the past had been characterized by a yielding of management to union demands, and that this was being called by many executives "soft handling" of labor-management relations. Those who had reached this conclusion usually expressed agreement with the steel management position that the time had come when the economic position of the steel industry called for a determined stand by management on a firm position, which many felt would also be good for industry as a whole. This may be an oversimplification of this element of the dispute. However, the impression of determination was emphasized in the public mind by the fact that customers began to build up inventory supplies many months in advance of negotiations on the generally accepted belief that the strike would probably be a long one.

Road-Blocks to Negotiation

Thus, long before the strike began there had developed a noticeable hardening of attitudes on both sides of the dispute. It was quite apparent that each side had established a position it intended to defend with little prospect of compromise. Instead of the atmosphere of give-and-take which is the usual approach to collective bargaining there seemed to be an atmosphere of all-or-nothing in which specific positions strongly taken before the public in advance became clear road-blocks to negotiation in the bargaining process. As Christians we see a grave ethical problem in this long advance maneuvering and crystallizing of positions because the effect on collective bargaining seems to be to hamper it critically, if not to render it meaningless. It seems clear to us that the health and welfare of our industrial process require from responsible leaders of both labor and management a high degree of imagination, statesmanlike initiative, and political vision. If these qualities were to be applied in advance of negotiations with as much effort and vigor as is frequently given to the defense of individual positions, it should be possible to avoid the kind of paralyzing stalemate such as that reached in the steel situation.

The Christian churches have long supported collective bargaining as the best means for the solution of industrial disputes. Experience in this dispute highlights a growing concern that collective bargaining, as we know it, can prove to be an inadequate instrument for the solution of the kind of public interest dispute which characterized the steel strike. Because this may typify future disputes we should examine further the light it throws on our mutual responsibilities for industrial harmony.

It is clear that during the dispute there were many leaders on both sides who felt that it was right and proper to engage in a strike. It is also evident that some felt there was no alternative. This indicates the possibility that a

state of mind had developed, and may continue to maintain itself in the future, which is conditioned to assume that a strike is a necessary thing to experience from time to time in an industry. The existence and application of such states of mind when a public interest strike is involved is what creates the concern of the public and the churches. It produces pressures for settlement not present in ordinary strikes.

In our opinion it would not be feasible as a matter of public relations for labor to begin and then maintain a strike or for management to risk one, merely on the basis suggested above, and therefore the other issues involved were emphasized to the public. The points at issue, which had enough merit to justify the positions of the management and union respectively, concerned (1) *Inflation* and (2) *Work Rules*. Let us now examine how these two issues sustained the strike.

INFLATION

When we review the steel dispute and find the union asking for the continuance of its "regular progress" proposals, we find also that in the very early stages management justified its position on the ground that any wage increase would be inflationary. Management advertisements along this line began early in 1959. The unions replied that a wage increase could be given without increasing steel prices. In essence this was the union's way of saying that they also were against inflation. The President of the United States had added to the groundwork by taking, in relation to government expenditures, a very firm position on this subject long before the negotiations began. As early as March 25, 1959 (which was more than a month before negotiations were opened on May 5, 1959) the President applied his principles to the steel industry by warning against any solution which would contribute to inflation.

Since early in the year, the Union had been running a series of advertisements claiming that a granting of their request for increased wages would add at least one billion dollars annually to the nation's purchasing power. In these same arguments they charged the steel industry with being "Hell-bent on fomenting a strike."

Thus the conflict was joined. It is to be noted that on this issue of inflation both sides took to mass communications before any negotiations, and thus hardened their public positions, making collective bargaining most difficult.

Various persons close to the situation have expressed the opinion that management might have won the issue by voluntary price reductions in steel. By May 1959, it was pointed out, the companies must have known that in the first six months of that year their profits were going to be very high and that they would have to make an announcement of these profits by late July. Whatever the past history of such profits, this announcement in this bargaining context was sure to be a handicap to the companies' arguments against a wage increase with no price reduction in effect. In addition, the companies were insisting that one of the highest wage levels in industry be kept where it was. But Mr. Roger Blough, as a spokesman of management, was forthright on this point when he spoke against price reductions at a meeting of the National Press Club on May 21, 1959. Only the Armco Steel Vice President referred, at the Iron and Steel Institute meeting then being held, to the desirability of price cuts if alleged "feather-bedding" practices were relinquished.

Neither the President nor any administration official pushed for price re-

ductions until this was proposed by Mr. Raymond J. Saulnier, Chairman of the President's Council of Economic Advisers, at the meeting of the American Bar Association on August 29, 1959. By that time it was too late since a firm offer had been made by management involving wage increases.

WORK RULES

Midway in the pre-strike negotiations the emphasis of management shifted from inflation to "feather-bedding" or what is called the *work rules* issue. This was due to the management position that any financial benefit to workers would have to be offset by union cooperation to reduce costs through more efficient work practices.

The work rules issue was not new, for this has been a continuing problem in the industry for many years. In former disputes it has been referred to as the "Right to Manage" and since the settlement of the dispute it is known as the "2B" issue, this being the designation of the work rules clause in the U. S. Steel Corporation agreement with the union. What is the substance of this issue?

It is important at the outset to make clear that the "2B" clause is no impediment to technological change nor is it so considered by either labor or management. Other clauses in the steel industry labor contracts and actual experience under those contracts assure management the right to make technological change. New machinery and new and improved productive processes, including automation, have been the rule, not the exception, at most steel plants, especially in the years since World War II. The steel industry work force required on production and maintenance jobs has been diminishing steadily at the same time that production has been increasing.

What, then, does the "2B" clause cover? It covers what are commonly referred to as "past practices" with respect to a variety of working procedures.

The Matter of Crew Size

Perhaps the most important is the matter of "crew size." There are many operations in the steel industry, as in other industries, where a stated number of men are used regularly to perform that operation. Each man in the crew has his specific duties and there may be some overlapping of duties between men as the job develops and time passes. The total number of men assigned to the work may have been established long before the union was a factor in the industry, or the crew size may have been agreed to by specific agreement since the union entered the picture.

If the operation in question is changed by introduction of a new machine, or by any other clear-cut type of technological change, the crew size has almost always been reduced with limited union opposition. Crew sizes have also been changed as a result of new or changed incentive plans. But if no technological change or change of incentive plan has taken place, the "2B" clause tends to "freeze" the established crew size.

In practice the existing "2B" clause is not a rigid "freeze" of crew size. A company has the right to make changes but the "2B" clause imposes certain restrictions. A freeze of crew size is indicated unless "the basis for the existence of the local working condition is changed or eliminated thereby making it unnecessary to continue such local working condition." What may be a valid "basis" is subject to argument case by case. Faced with a crew size

that is an obvious "feather-bedding" situation the more resourceful steel managements have been able to solve the problem either by introduction of a technological change, an incentive plan, or a "basis for the existence of the local working condition" argument, or a combination of two or more of these approaches. If the union objects, the validity of the change of crew size may be protested in the grievance procedure and in arbitration. An arbitrator has the responsibility to decide whether management has shown valid reasons for the change and if management has not proved its case, the old crew size or some intermediate size can be ordered by the arbitrator.

The steel management proposal for changes in the "2B" clause had the effect of removing or limiting these restrictions as to crew size. If the management proposal had been accepted each company could have changed crew sizes at will, even on the simple assertion that the original crew size was established in error. Secondly, although employees and the union would have had recourse to arbitration in such cases, this recourse, due to changes in the contract language, would have been less effective for the union under the management proposal.

Other Matters Under Work Rules Clause

The "2B" clause also covers such matters as "spell time." Some steel industry work involves exposure to intense heat. In such situations, an employee will work under such exposure for a specified period of time and will then be "spelled" by another worker. The "spell time" is the recovery time before the employee goes back on the job. Other illustrative matters covered by the "2B" clause are work schedules, coffee breaks, wash-up time at the end of a shift, etc.

The "2B" clause does not cover sporadic, emergency, or occasional management decisions on a specific subject. It does cover specific regular practices that have been agreed to by management and the union, as evidenced by signed memoranda. And it covers well established and regularized practices that the union can prove have been the accepted practices in frequently recurring situations. They are the well recognized "rules of the road" under which production has been maintained, usually for many years.

When management made its "2B" change proposal, claiming it as the only avenue to an increase in wages and benefits, the whole complexion of the strike changed almost over night. For the first time, the union had an issue on which it could expect to and did receive the almost unanimous support of its membership.

Why Union Members Rallied in Opposition

Why did the membership rally to this issue? It seems to us that the basic reasons are deep seated but fairly obvious and they illustrate ethical problems that are of importance outside the steel industry.

The typical American worker is not theoretically averse to efficiency and to technological change. At least in a general way, he has admiration for the marvels of scientific progress and he knows that his own well-being is dependent on progress. He welcomes relief that the machine provides from back-breaking toil. But at the same time, he sees his fellow employees lose employment entirely or work part-time or be forced to take a demotion to a lower-rated job as a direct result of some application of automation. Even if he is not involved in a specific change, he is realistic enough to know that the next change may affect him.

As noted earlier, the typical steel worker has grown accustomed to these effects of technological change. His union has not opposed technological change. It has confined its attention primarily to helping employees who are displaced and to protecting the rights of employees who remain. With some notable exceptions, the impact of technological change in this industry has been roughly related to the normal rate of labor turnover. Fairly effective efforts have been made to find work for the remaining ones who are displaced by changes. Some few have benefited by upgrading connected with technological change. However, a gnawing fear of the future is growing in the ranks.

When steel management suggested that this already existing effect of technological change be augmented by removal or severe limitation of existing protection of work rules based on past practices, and stated further that it expected to implement a "2B" change by actual changes of past practices at least sufficient to offset a wage increase, the typical steel worker simply would not accept the proposal. To him this was not only a serious weakening of the role of his union, it was also a potential threat to his personal economic existence, added to threats of various kinds growing out of automation. Many workers took the position that this sounded like being asked to earn their wage increase twice — once by what seemed to them sufficient increases in productivity and second by removal of protections to many established work practices. This state of mind was naturally played upon vigorously by the union leadership in their communications to their members. The argument could not be expected to be persuasive to management, which maintains that at least most productive increases have their source in improved machinery and organization rather than in harder or more highly skilled work.

It would not be fair to steel management to conclude that every past practice covered by the "2B" clause is a sound past practice. There is no doubt but that some practices are obsolete and should be changed. Yet, a general proposal under which "management rights" would be restored by what union members felt would be removal of any effective protest was a proposal that was interpreted by steel employees as intended either to prolong the strike deliberately or to destroy the union as an effective agency of the employees.

THE STRIKE SETTLEMENT IN RELATION TO THESE ISSUES

The strike settlement, hammered out under White House pressure, provided no clear answer to either of these two basic issues.

Whether the wage increase and other benefits finally granted were inflationary or non-inflationary is a question we shall not endeavor to answer in the absence of adequate published facts. By management's definition the limit of "non-inflationary" increase was exceeded. By the union's definition it was not reached. Whether significant steel price increases will still occur after the wage increases have gone into effect remains to be seen. Subsequent industry decisions on this point may be influenced, one way or another, by factors other than wage costs, such as the current relatively low rate of production or foreign and domestic competition both in steel and in other materials.

Although the union appeared to win a victory on the work rules issue, the basic issue was not resolved. The new agreement's provision for study of the work rules issue by committees during the life of the agreement is a pro-

cedure with great potential. If such deep-seated problems can be studied by the parties in the absence of a negotiation or strike crisis, the chances of solution are enhanced greatly. It is to be hoped that these new committees will be more than a face-saving gesture. This hope extends also to the Human Relations Research Committee agreed upon between companies and the union and the committee in the Kaiser contract referred to on page 7.

Basic Issues Not Resolved

Viewed realistically we appear to have "muddled through" another major steel crisis with no clear resolution of the basic issues, with further exposure of the limitations of the Taft-Hartley emergency disputes procedures, with possible danger in another precedent of White House mediation, and with a long and costly strike that by any measure was not worth its cost to anybody, except as the experience may provide a basis for more constructive future action by thoughtful men.

It is the responsibility of Christian people to understand the basic factors in any great social dispute. It is also their responsibility to understand the relationship between the publicly emphasized issues which prolonged and intensified the strike and others which also were basic to the conflict. The long-range ethical implications of the steel dispute in this regard serve as an illuminating illustration of what is involved by way of Christian responsibility for the future.

Here we have an instance of a tremendously expensive strike with all of the accompanying spiritual distresses, which was settled without any satisfactory resolution of the issues which were so openly disputed. The ethical questions raised by the dispute remain in the air. Deeper analysis reveals the fact that some basic issues were not adequately defined or even discussed as they should have been.

Wages, Prices, Profits — an Ethical Concern

Justice surely is a major objective of any system of dealing with labor disputes. There are enormous complications in the problems connected with fair prices, just wages, and an adequate rate of profit. There may be ominous suggestions in the fact that many people believe there is such a thing as "a" fair price, "a" just wage and "an" adequate profit. It is entirely possible that the desire for fixed standards in respect to these elements, carried to a logical conclusion, could substantially reduce the quality and amount of freedom. Yet, there are ethical issues involved in the process of trying to find right relationships between wages, prices, and profits. The steel dispute offered an opening for a real grappling with these issues but the opposing positions, taken and so vigorously defended with little progress toward agreement by the two parties, served only to aggravate this problem further.

We in this committee believe this is an area where Christian insights could be helpful if careful concern for technical aspects were at the same time applied. We emphasize the need for such a study but had to recognize that its requirements are beyond this committee's present time and resources. In this connection the new Human Relations Research Committee established by the steel agreement can, if so implemented, provide an opportunity for mutual exploration of this problem by the companies and the union that could be of far-reaching social and ethical significance.

The Christian people of our nation have a responsibility to seek good answers for the harder questions of social life, and the steel dispute has posed these questions in a manner which refuses to be ignored.

THE ROLE OF MASS COMMUNICATIONS IN THE DISPUTE

Both sides in this dispute indulged in one of the most spectacular utilizations of mass communications media to be employed in an industrial conflict. This involved newspaper advertisement, radio, and television programs, and direct mailings.

Early Approach to Public By Both Parties

As already indicated (page 15) the approach of the steel companies to the public through the American Iron and Steel Institute by the use of several media began soon after the close of the 1956 negotiations. Union advertisements specifically related to issues in the 1959 negotiations appeared in the fall of 1958. On January 26, 1959 the companies' advertisements began taking the position that wage increases would be inflationary. By the time the first conversations took place there had been a well-established public relations effort on both sides.

Apparently the companies' campaign against inflation conducted over the years had helped to convince many Americans that a wage increase would be inflationary, and no doubt some of these were members of the union in the steel industry. Very early in the dispute some spot surveys indicated only reluctant acceptance of the necessity for a strike in the rank and file membership of the union. The union was not so successful in arguing that profits in the steel industry justified wage increases.

As long as the mass communications effort confined itself to a discussion of inflationary threats there was some genuine public value, although it is true that each side was pressing its claims in terms of its own special viewpoint. There was a genuine need for some awakening of the public to the inflationary threat.

However, the emphasis did not confine itself to an informative handling of the data concerned with the problem of inflation. No one would deny the right of either party to present its own side of the dispute and to seek to win public support for it. But in this case the great disparity in positions relative to factual data and the repeated attempts to attribute to the opposition greed for either wages or profits soon led to public distrust of the claims of both parties. In our judgment, although the appeals were to the public and designed to win its support, there was a notable lack of concern for the general public interest in this whole discussion. Aside from a few newspapers with specialists in labor relations there was a serious neglect of any systematic analysis of the facts and a systematic presentation of them to the public.

Objective Evaluation Lacking

When the media of mass communications are used by great power groups to try to win the American public to accept their point of view there is an open necessity for some objective evaluation of the disputed facts. We feel that the newspapers and magazines did not serve the public adequately in this regard and the radio and television networks did little better in the crisis. It may be that the failure in discharging this responsibility can be justified on the grounds that the nationwide use of mass communications in industrial disputes is a new development. However, the implications for the future are clear: we should, in the public interest, try to develop effective mass communications techniques for interpreting the factual data related to such disputes.

It seems necessary to indicate how the campaign was sometimes thoroughly misleading, if not dishonest. One advertisement published nationally by the steel companies showed a Russian workman on the backdrop of the Kremlin and it read:

"Will He Take Away An American Steel Worker's Job?"

"Meet Vladimir Petrov, Russian Steel Worker. He earns about fifty-six rubles a day. . . . European and Japanese steel producers are even now underselling American steel right here in this country. American steel workers have already lost their jobs just for this reason; foreign steelworkers have gotten their jobs."

Foreign-Competition Angle

The impact of this advertisement was that Russian workers, at 56 rubles a day, are taking jobs away from American workers, although the text did not say so and did include references to Japanese and European producers as underselling us in this country and elsewhere.

Yet not a pound of Russian steel is being imported into the U. S. and very little elsewhere in the free world, so that no such production could have been replacing American production and therefore jobs.

This series of advertisements was based on wage comparisons with foreign countries, although the company managements presumably knew that the valid comparison is unit or man hour cost. Thus the standard unsound arguments for protection (from among the many reasons used in seeking protection against foreign competition) were vigorously stated by management at this time, although the American steel companies have never been on the protective side of the tariff issue and do not seem to be there now.

The evidence is clear that in spite of high wages we can compete abroad in many categories of raw steel and in many products which are made of steel. The Secretary of Labor's information report on facts relating to the steel industry shows that hard goods using steel may reach as high as 25% of production exported, although unprocessed steel exported has never passed 5% of production. Most imports of steel in the U. S. dropped sharply early in 1960 and by May exports exceeded imports for the first time in a number of years. Imports are a small proportion of the total U. S. production of steel, averaging about 5% or less.

We do not mean to discount the extent of foreign competition from a revived foreign industry. Some of the problem for us is undoubtedly high wages. But some observers believe that part of the problem also is pricing policies designed to achieve a desired level of profit from the approximately nineteen-twentieths of domestic steel production that is sold in the domestic market. They think it is not without significance that the European Coal and Steel Community, with a higher per cent of wage increase in the last three years than the U. S. A., has reduced its prices while American prices for many corresponding products went up.

Other Misleading Examples

There was another fault in regard to the campaign carried out by the steel companies. Productivity was emphasized as essential and this is surely true. It was argued that productivity in American steel production is hindered by work rules which actually amount to a kind of feather-bedding. However, it is a reflection on the companies that some of the illustrations used turned out to be false. The famous instance of the air-conditioned cab was one of these. We do not question that there may be inefficient work practices in

steel production, but the fact that a vigorous public relations program may include examples which turn out to be incorrect or misleading should alert Christians to this kind of possibility in future disputes.

The union's public advertising campaign also proved factually indefensible at some points. For instance, we referred earlier to the series of union advertisements which held out a future of an extra billion dollars of purchasing power in each of 12 or more industries if the union's wage increase demands were granted. Typical of all of them is the following: "Memo to — Manufacturers of House Appliances. How many washers and dryers could your dealers sell for an extra billion dollars?" The implication that each of the industries to which this ad was separately addressed would enjoy an extra billion dollars of consumer spending is clearly false. For if were true, this additional purchasing power would have to be as many times one billion dollars as the number of separate industries to which the advertisement appealed.

There is one other feature of the mass communications campaign which concerns us and this was the failure on the part of either the companies or the union to admit, in any fashion clear to the public, that any portion of increased productivity due to more efficient machinery and production methods should be returned to the consumer in price reduction. Throughout the dispute no one spoke for the consumer interest on this question. The argument that increased profits should be solely for wages, new plant or dividends, without consideration of possible price reductions, is subject to vigorous dispute. There is an ethical right on the part of the public to insist that some benefit of increased productivity shall be available to the whole community and help keep all prices down.

Ethical Issues in Influencing Public Opinion

Beyond recognition of the fact that the material positions taken by both parties left much to be desired by way of objective analysis it is important for us to recognize that a new factor is emerging in a free society where power groups increasingly depend on public support to win their points.

The methodology for influencing public opinion is full of ethical issues and it is to be noted that during the steel dispute no way was available whereby the public could obtain an objective evaluation of the claims which were being pushed so energetically by both sides. The report of the Secretary of Labor was confined to the facts of production, efficiency of return, and general data of the industry itself. It did not enter into a much needed interpretation of the facts or an evaluation of the message of the disputants which was aimed at a public whose support seemed important enough to justify large expenditures of money and effort.

It is here the committee believes the churches should take very seriously a call to future service to be rendered in the public interest along two lines. First, the basic facts available during the dispute could have been the subject of network radio and television programs sponsored by the churches on behalf of the general public. It is the duty of the Church to deal with the truth and to do it effectively and without prejudice or partisanship. Though it may be difficult to find Christian people with the necessary technical knowledge to perform this function, the difficulty of the task is no reason for evading it.

Secondly, the churches and church people should stimulate a greater sense of responsibility in the leaders of the press and the networks toward helping the public into an informed and balanced understanding of the issues in an industrial dispute. Church members can become a force in

public opinion by creating a claim for such programs in the mass communication industry. Concerned lay people whose occupation is in this industry should seek ways to become effective in promoting its public service in respect to industrial disputes.

Therefore one long-range ethical implication of the steel dispute, from the standpoint of how mass communication methods were employed, is a call to the churches to prepare for the future rendering of service in this regard. The Church may be able to serve in this capacity as no other body in our society can because the Church is committed by her Lord to the service of truth and to the nurture of persons in a just and equitable society. A society can be neither just nor equitable if it is not informed with the truth.

V

SOME ETHICAL IMPLICATIONS: SUMMARY AND CONCLUSION

Responsible Use of Power

The most difficult ethical problem posed by the steel dispute is that of the responsible use of power. We have indicated some aspects of this problem and the imperative of a Christian answer to the problem is clear. The bigness of organization results in tremendous power structures with conflicting goals. Human freedom is a Christian value for it is the best medium within which men can make moral choices. This freedom is threatened when power conflicts develop beyond the point where settlements can be reached by mutual agreements. Freedoms can be lost by default when settlements have to be governmentally imposed. The facts of life about the exercise of economic power are such that, in the general public interest, the degree of responsibility of leaders of economic power groups increases in proportion to the effect upon the public of their decisions and actions. In the case of this dispute in the steel industry we feel the degree of foresight, imagination, and basic desire to reach an agreement in harmony with the public interest — in a word, statesmanship — called for by the position of responsibility of the leaders was not sufficiently demonstrated on either side. This is said with full recognition of the complexity of the situation and the demands it makes. The implications for our increasingly complex industrial order and its leaders in the decisions they have to make are a definite field for continuing Christian concern, study, and helpful action.

Other Continuing Ethical Concerns

The ethical issue of next importance as illustrated by the steel dispute is that of honesty in the use of mass communications. The issue can be stated as bluntly as that, for both sides sought to win public support on the basis of assertions which most people would feel were genuinely misleading.

A further concern with wide ethical implications is the nature and extent of governmental intervention in "public interest" strikes. Costly experiences such as the 1959-60 strike in steel are a heavy price to pay for continued inability to devise sound public policy at this point. It calls not only for further study and analysis but for responsible effort by citizens to become informed and to press for sound legislative action, in advance of rather than as aftermath of a long and crippling strike.

Finally, our discussion indicates that the following problems are raised by

the steel dispute which we could not attempt to solve in this paper, and ethical issues surround each one:

- 1) What is a fair wage for workers?
- 2) What is a just price?
- 3) What are adequate profits?
- 4) How shall the "public welfare" be measured or defined?
- 5) What are the facts about international competition?

In the search for ethical guidelines for those who must answer these questions in specific situations often involving collective bargaining, the churches can and should make a contribution. These questions must be discussed and if our nation is to prosper ethically we must know what our Christian values are in respect to them.

Quality of the Social Order — A Christian Responsibility

In this effort to present a report to the churches on the ethical implications of the steel dispute of 1959 we have kept in mind throughout the basic conviction that Christians must be responsible for the quality of the social order in which they live.

Responsible relationships depend upon informed judgments and these in turn rest upon certain conceptions of what is valuable and worth striving for. The Christian belief in God whose life in this world is shown to humanity in Jesus Christ, the Lord of the Church, has been our underlying foundation of faith.

It is in disputed issues that man resolves his conflicts and is offered the opportunity of creativity in emergencies, provided he has the informed mind and the willing spirit.

We believe there is much to be learned from what took place and if we do learn from the past we can improve the future. It is with this hope for our Christian fellowship in the Church that we present our report to the churches.

(signed) CHARLES P. TAFT, Cincinnati, Ohio, *Chairman*
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APPENDIX A

A CHRONOLOGY OF THE STEEL DISPUTE

On June 30, 1959, the labor-management contract between 96 companies in the basic steel industry and the United Steelworkers of America, AFL-CIO, expired, resulting in the sixth and longest nationwide strike in basic steel since World War II. The following is a summary of the relations between the companies and the union in this dispute.

Pre-negotiation Period — to May 5, 1959

For many months prior to the expiration of the contract an exceptional amount of advance sparring and preparation took place by the companies and the union. Planning and public relations ground work began in earnest by mid-1958 and increased steadily prior to negotiations.

Speeches were made and printed for wide distribution by leaders of both sides months before the contract deadline. The union established a series of television programs, "TV Meeting of the Month," and ran a series of newspaper advertisements. Pamphlets on anticipated issues in the negotiations were circulated by both sides.

Twelve of the largest steel companies (Allegheny Ludlum Steel Corporation, Armco Steel Corporation, Bethlehem Steel Company, The Colorado Fuel and Iron Corporation, Great Lakes Steel Corporation, Inland Steel Company, Jones & Laughlin Steel Corporation, Kaiser Steel Corporation, Republic Steel Corporation, United States Steel Corporation, Wheeling Steel Corporation, The Youngstown Sheet and Tube Company) which, with their affiliates, account for about 80% of the ingot steel capacity and more than 80% of the total employees of the companies involved in the dispute, formed the Steel Companies Coordinating Committee (SCCC) for a united management approach to the union.

On September 16, 1958 delegates to the Ninth Constitutional Convention of the union unanimously approved a bargaining program calling for "substantial" improvements in wages, hours, and other contract provisions. On September 21 the union announced a 9-point "program for prosperity" that had been sent to President Eisenhower.

On November 12 and 26 and again on January 5 and March 9 preliminary meetings were held between management and union representatives.

By early 1959 many purchasers of steel, in anticipation of the possibility of a strike, began accumulating stock-piles of steel and by the end of the contract period it was generally agreed that something like a three-month supply of steel, in most categories, was on hand.

On January 22, 1959, the United Steelworkers initiated a weekly 15-minute radio program featuring Phil Regan. Between January and April the American Iron and Steel Institute, which represents 87 steel companies, ran a series of nine advertisements in 430 newspapers across the country. The theme of the ads was, "Inflation Robs Us All." The union continued to run its ads, stressing added purchasing power. And the public was heard when on March 25 President Eisenhower warned against any action in the forthcoming steel negotiations that would result in inflation from a price rise.

On March 31 the SCCC and the union jointly announced that the companies would be represented by a 4-man bargaining team composed of: R. Conrad Cooper, U. S. Steel; R. Heath Larry, U. S. Steel; John H. Morse,

Bethlehem Steel; and Howard C. Lumb, Republic Steel and that the union would be represented by a 4-man team composed of: David J. McDonald, President; I. W. Abel, Secretary-Treasurer; Howard R. Hague, Vice-President; and Arthur J. Goldberg, General Counsel.

The first formal company proposal was made on April 10 when the SCCC proposed "that we agree now to continue present wages and other benefits, without change, for an additional period of one year beyond June 30, 1959." They proposed further that there be no cost-of-living adjustment during the year.

On April 13, following a meeting of the union's Executive Board, Mr. McDonald rejected the proposal and countered by offering to advance the opening of negotiations from May 18 to May 4 and by calling for a freeze in steel prices, along with a protection of real wages consistent with increased output per man-hour and a reasonable return in profits. On April 15 the companies negotiating team replied favorably to the advance of dates but rejected the union proposal on prices as illegal, stating "We do not intend now or in the future to bargain or to have any understanding with you on this subject," and rejected McDonald's "principle" concerning profits and output.

April 30, the United Steelworkers International Wage Policy Committee, composed of 33 members of the Executive Board and 138 indirectly elected committeemen, met in New York and on May 1 adopted a 10-page statement outlining and supporting an increased wage and benefit program to be presented to the industry on May 5.

Pre-strike Negotiations — May 5-July 14

On May 5 negotiations began in New York. No progress was made. President Eisenhower called on the public to make its concern over inflationary dangers felt by the negotiators.

That day the SCCC began a series of 8 advertisements in 400 newspapers which outlined "Where the Steel Companies Stand." During the same period (May 5 through September 1) the union continued its newspaper advertisements and issued its "Economic Summary in Support of 1959 Wage Policy."

On May 6, the companies gave formal notice to the union of termination of contract on June 30. On the following day Mr. Arthur Goldberg wrote the Justice Department asking investigation of the "profit pool" plan and to the NLRB asking investigation of any "lock-out" plans the companies might have. The NLRB rejected the request on May 8.

Direct negotiations between the two 4-man teams began on May 11 and they met "almost daily." Sparring continued in news conferences and advertisements. James Hoffa, John L. Lewis, and various industrialists continued the public debate, and on June 3 President Eisenhower again admonished against "this so-called wage-price spiral."

No progress was made in negotiations and public statements by both sides became more abusive. On June 4 the union Executive Board met in emergency session and on June 6 a letter went to all locals blaming the companies for failure in negotiations.

On June 9, nine senators invited Mr. McDonald and Mr. Blough to briefing dinners. McDonald accepted for June 15 and Blough for June 22. Labor Secretary Mitchell called on both sides to stop haggling in public and to get down to "intensive bargaining."

The union called its full 435-man Negotiating Team to New York to attempt separate talks with the twelve companies.

June 10, the SCCC wrote to Mr. McDonald with its second major proposal, outlining an 8-point set of contract modifications not involving wage or other economic improvements. In a press conference he rejected the proposals and the following day submitted a detailed reply to the SCCC.

Between June 10 and 18 there was much ado about a union proposal to have negotiating teams meet separately with representatives of each company. Four-man bargaining teams resumed talks June 19. Mr. McDonald proposed as "a basis for settlement that we continue the same rate of economic progress as provided in our 1956 settlement. This would mean a settlement providing for economic improvements of about 5½% a year and a cost of living provision to preserve real wages."

Between June 23-28 there were numerous letters exchanged and countering proposals made, along with various statements to the public, over an extension of the contract to provide time for further bargaining. During this time Mr. McDonald attempted to arrange a meeting with the chief executives of the 12 steel companies. This offer was rejected. On June 25 Mr. McDonald appealed to President Eisenhower to establish "an impartial fact-finding board" and pledged to bargain night and day "on the basis of the facts determined" toward a "non-inflationary" settlement. Mr. Eisenhower rejected this proposal. Upon request of the President both parties agreed on June 27, after a great flurry, to a 14-day extension of the contract.

June 28 Administration officials revealed that Vice President Nixon and Labor Secretary Mitchell had been in frequent contact with Mr. Blough and Mr. McDonald.

On June 29 the union Wage Policy Committee and the Executive Board unanimously approved actions of their 4-man negotiating team.

July 1 wildcat strikes broke out at Republic in Cleveland; Jones & Laughlin; U. S. Steel's Tennessee Coal & Iron Division, Birmingham, and Fairless Works, Fairless Hills, Pennsylvania; McLouth Steel in Detroit; and on Great Lakes Shipping. Mr. McDonald wired union officials ordering the men back to work but ore boat crews refused to return and mining operations in Minnesota stopped. Local 5000, Seaman's Division, ended its wildcat strike on July 4.

July 6 negotiations resumed with Mr. McDonald absent to meet Vice President Nixon in Pittsburgh. Mr. Nixon also conferred with Benjamin F. Fairless. July 11 Walter Reuther pledged "full support" of AFL-CIO Industrial Union Department to the steel union.

July 11-14 was another intensive period of negotiation. Again many letters were exchanged and public statements were made in addition to negotiating sessions and, in this instance, secret meetings were held between Mr. Cooper and Mr. McDonald. In response to a wage and fringe contract proposal from the union, the companies indicated general willingness to make economic adjustments if the union would first make contract adjustments on part of the 8-point program outlined on June 10; the union held out for economic adjustments first and proposed that "an impartial committee headed by such people as Benjamin Fairless, Clarence Randall and Clinton Golden" should make recommendations on the issue of local working conditions. No agreement had been reached by the strike deadline.

July 14 President Eisenhower appealed to the parties to seek the assistance of the Federal Mediation and Conciliation Service and both the SCCC and the union contacted Mr. Joseph Finnegan, Director, as time ran out.

The Strike Period — July 15-Nov. 7

On July 15 the strike began with approximately 500,000 workers out and 85% of the nation's steelmaking capacity shut down. The union proposed that the companies and the union set up a fact-finding board of three members, the company to name one, the union to name one, and the third member to be named by Chief Justice Earl Warren. The companies rejected the proposal. Director Finnegan of the FMCS met with the negotiating teams and pronounced the situation "not susceptible of any easy or early solution." President Eisenhower stated that "present conditions do not warrant invoking the Taft-Hartley law. . . ."

July 20 Director Finnegan met separately with union and management representatives. The following day Labor Secretary Mitchell announced that he would gather facts on the steel situation. Companies and union agreed to cooperate. On July 27 Mediator Finnegan brought union and company negotiators together for the first meeting since the strike began.

The following day U. S. Steel announced record of earnings for the first half of 1959 with a net profit just under \$250,000,000 which was just over 10% on each sales dollar. In a public statement Mr. Blough referred to the "ripple effect" of rising wage costs and described the strike as "a test of whether the steel industry, or any industry in present-day America, can successfully resist the enormous power that has enabled our modern labor union to exact . . . inflationary wage increases . . ." In the days preceding and following this announcement various other steel companies reported similar record earnings. Mr. McDonald's reply to the report referred to "astronomical" profits and the "phony inflation" issue and stated "that record highs in cost-of-living and steel income came after a period of thirteen months when regular steel-worker wages were at a standstill and could not possibly have contributed" to the wage push. That day the union announced an agreement with the major aluminum producers for a contract extension until November 1 or 30 days after a steel settlement.¹

On August 1 Labor Secretary Mitchell charged that both parties "have done very little to measure up to their own responsibilities . . ." August 4, at the Governors Conference in Puerto Rico, six Democratic governors called for the appointment of a committee of governors to meet with the President. And on August 5 a unique proposal was made when Representative Chester Bowles wrote to the President suggesting a settlement by leaving wages at present levels in exchange for a \$10 per ton reduction in steel prices. On August 12 the President replied that he preferred not to comment on specific proposals.

Mediator Finnegan announced on August 18 that neither side had changed its basic position. The next day Labor Secretary Mitchell released "Background Statistics Bearing on the Steel Strike" and on the following day, for the first time since August 7, Mediator Finnegan met with Mr. Cooper and Mr. McDonald together, although mediation sessions had been held frequently, sometimes with the union "second-team" present.

On August 25 President Eisenhower announced that he had no plans for government intervention unless the strike should develop a threat to national security.

September 2 joint mediation sessions resumed after a five-day recess period. After the second day Mr. Finnegan reported no progress and Mr. McDonald wired a report of no progress to union district directors.

September 9 Mr. McDonald again requested that the chief executives of

12 companies meet him and they again upheld the 4-man negotiating team. Mr. McDonald met with 450 members of union teams preparing for sub-committee meetings with individual companies.

On September 15 and 17 top negotiators again met briefly with Mr. Finnegan.

On September 18 Labor Secretary Mitchell addressed an unfriendly AFL-CIO convention in San Francisco, stating that he did not favor an injunction in the steel strike but explaining that in a month or so the Administration would have no alternative. He was booed. On September 19 Mr. Edgar F. Kaiser, chairman of Kaiser Steel Corporation met with Mr. Goldberg, the union counsel, and worked out the first of three compromise proposals. On September 23 President Eisenhower declined a suggestion that he meet with the Executive Committee of the Governors Conference.

On September 25 Mediator Finnegan announced an indefinite recess of negotiations. Mr. McDonald sent a 13-page document to President Eisenhower dealing primarily with Section 2-B, the section on working rules. Two days later Labor Secretary Mitchell, Mediator Finnegan, and aides met in Washington to discuss the collapse of negotiations. This resulted in a White House meeting held on September 30 with industry spokesmen Blough and Cooper of U. S. Steel, Homer of Bethlehem, White of Republic, Adams of Jones & Laughlin, and Block of Inland, and with union spokesmen McDonald, Abel, Hague, and Goldberg. After meeting with the President the top company leaders and Mr. McDonald met and agreed to resume negotiations the next day in Pittsburgh. Here on October 1 the companies made "a specific 15-cents-an-hour package offer providing for increased wages and benefits over the period of a two-year agreement" and "scaled down to an irreducible minimum their requests for improvement in contract language." The union also made a proposal for a three-year agreement.

October 4 the union Executive Board met for a "complete discussion" of the companies' offer and of the current situation and sent a detailed reply to the SCCC rejecting the offer. This was followed by an exchange of letters over a new union proposal for revising the negotiating procedure. Two days later the union Wage Policy Committee met and upheld the negotiating team. That evening five company heads and Mr. Cooper met with Mr. McDonald. In meeting with the press later Mr. McDonald and Mr. Blough revealed the complete separation of the parties.

On October 9 President Eisenhower invoked the Taft-Hartley Act and named a three-man board of inquiry to hold public hearings and report to him by October 16, naming Professor George W. Taylor, chairman, President John Perkins, and Professor Paul N. Lehoczky. The Board telegraphed officials of 76 steel companies and the union met the following day for an organizational meeting.

October 12 the Presidential Board held open hearings in Washington. The first two days' testimony was given to the union's representation. The union stated its case on both the economic and the work practices issues and further argued against the validity, on legal grounds, of the invoking of Taft-Hartley. In addition to public hearings Chairman Taylor announced that he was also meeting separately with company and union representatives in a "mediation process." This was followed by a day and a half of company testimony. President Eisenhower granted the Board's request for a three-day extension of time. Chairman Taylor continued his mediation efforts.

Collective bargaining resumed on October 16 and the union made a new

offer which the company rejected the following day. In turn the companies made a new offer of a 3-year contract which, by their estimates, would have cost 2.6% per year; and on the following day offered to submit the local working conditions issues to arbitration. It was rejected by the union.

October 18 further public hearings were held followed by further mediation efforts by Chairman Taylor. After four hours Chairman Taylor announced the collapse of negotiations and the next day the Presidential Board of Inquiry submitted its report to President Eisenhower. After conferring with various government officials the President ordered the Justice Department to seek an injunction under the Taft-Hartley Act. This petition was filed in the Pittsburgh Federal District Court on October 20 with an opposition filed by the union. After long discussion over the retroactive issue, Judge Herbert Sorg signed the injunction ordering steelworkers back to work for 80 days but granted a stay to permit Counsel Goldberg to appeal to the Circuit Court of Appeals. The Appellate Court stayed the injunction for hearings in Philadelphia the following day. After this hearing the Court announced that it hoped to reach a decision early during the week of October 25.

October 24 negotiations were again resumed, and on October 26 subcommittee meetings resumed with 11 of the SCCC companies.

October 26 the Kaiser Steel Company and the union announced conclusion of a separate labor agreement. The following day an agreement between Detroit Steel Company and the union was announced and October 29 Granite City Steel signed with the union.

October 27 The Third Circuit Court of Appeals, by 2-to-1 vote, upheld Judge Sorg's injunction. A 6-day stay was granted for appeal to the Supreme Court. The following day the Supreme Court rejected a Justice Department attempt to speed the process. Under pressure from Mediator Finnegan negotiations again resumed but with no results.

November 3 the union and the Department of Justice presented arguments to the full Supreme Court.

November 5 a report prepared for the House-Senate Economic Committee, "Steel and Postwar Inflation," blamed the union, management, and the Federal Government jointly for inflationary wage and price increases of the last 12 years. The following day Mediator Finnegan announced the indefinite postponement of mediation sessions.

November 7 the Supreme Court, 8-to-1, upheld the Taft-Hartley injunction, sending steelworkers back to the mills, ending the longest industry-wide strike in the nation's history on its 116th day.

Injunction Period — Nov. 8-Jan. 4

November 8, as the process of opening the mills began, Secretary Mitchell announced that the Administration would make specific recommendations to Congress if the strike were resumed after 80 days. Mediator Finnegan delayed further mediation for about two weeks to allow negotiators time for problems involved with the start of production.

On November 11 President Eisenhower reconvened the Board of Inquiry. That day all General Motors passenger car production stopped as a result of steel shortages. The union Wage Policy Committee met and adopted a report to hold out for a "settlement based on the reasonable, fair and non-inflationary Kaiser settlement."

November 15 company and union negotiators met secretly in New York and the SCCC made a new offer which was spelled out in great detail and

included provision for a joint Human Relations Research Committee "to plan and oversee studies and recommend solutions of mutual problems" in seven listed areas involving wages, efficiency, incentives, seniority, and other matters. This proposal was estimated by the SCCC to cost 2.7%, a slight advance from the October 17 offer and above the 2% which the companies had contended to be the maximum for a non-inflationary labor cost increase. This offer, as had others, provided many variations for individual companies, which tended to make bargaining more complex than at first appeared. This turned out to be the companies' final offer (though not the basis of the final settlement). The union rejected the proposal.

With no evident progress being made Federal Mediators, the Board of Inquiry, and Secretary Mitchell met on November 25 to discuss strategy. Both sides continued to appeal for public support and in public statements continued to attack each other. By instruction of Mediator Finnegan mediation meetings resumed again on December 1. Two days later President Eisenhower made a radio-television address prior to his good-will tour abroad, and announced that he had directed Federal mediators to arrange round-the-clock bargaining in steel. Although mediation activity continued full time, continuous negotiations did not take place.

Mr. McDonald appealed to the President, just before his departure, to instruct the Board of Inquiry to make recommendations of a settlement but this was rejected by the SCCC and on December 7 Presidential Assistant Wilton Persons replied that Taft-Hartley prohibits such recommendations. Meanwhile mediation efforts continued without success.

On December 8 the union reached a tentative agreement with the major can manufacturers for a package increase estimated at 34 cents over a three-year period.

Following announcements of increases in the cost-of-living index the union requested retroactive benefits in any new contract and a pre-Christmas pay rise but the companies again rejected the retroactive principle. In the meantime negotiations were suspended because union leaders were meeting with the aluminum companies. On December 10 Mr. McDonald again attempted to arrange for bargaining with individual companies. On December 12 Mr. McDonald and Mr. Block of Inland Steel met in a television debate. On December 15 Mr. McDonald met in Chicago with executives of five aluminum firms.

On December 17 the union made a revised proposal to the companies which called for terms "slightly higher" than the Kaiser settlement. This was rejected by the companies in an 8-page letter.

The union and the aluminum companies reached a settlement on December 20 on a contract which on the basis of union estimates provided for a total of nearly 35 cents an hour increase over a three-year period.

In the days just preceding Christmas there was further controversy over attempts by the union to arrange separate bargaining with the various companies, over a 4-cent cost-of-living adjustment which would have been mandatory under the old contract, and over SCCC newspaper ads which were termed false by the union.

On December 23 the NLRB announced that it would poll steelworkers on their company's last offer between January 11 and 13 if no agreement had been reached by that time. Chairman Taylor continued his mediation efforts but on December 28, as the Presidential Inquiry Board met in final hearings

to define the current positions of the parties, he stated, "I don't see any possibility of settlement before January 6."

On December 30 the *New York Times* reported that Vice President Nixon and Secretary Mitchell were continuing a series of unpublicized talks with steel industry leaders. Mediator Finnegan discontinued mediation efforts as impossible until the January 11-13 poll. Vice President Nixon met secretly with heads of the 11 steel companies at the Waldorf-Astoria. On the following day Nixon admitted the meetings but declined comment. On January 4 Secretary Mitchell announced that, following two days of continuous night and day bargaining, the strike was settled on the basis of a "recommendation for settlement" made by Vice President Nixon and himself. The following day the Memoranda of Agreement was signed providing for a 30-month contract to expire June 30, 1962. The agreement provided for wage and benefit increases, and for a long-term study committee on the work practices issue. It also established a joint Human Relations Research Committee to deal with other overall problems of continuing concern to both parties.

APPENDIX B

A BRIEF ANALYSIS OF FACTS AND ISSUES RELATED TO THE STEEL DISPUTE

I. Some Basic Facts Involved in the Dispute

A. THE PARTIES INVOLVED:

1. THE UNITED STEELWORKERS OF AMERICA: with 500,000 workers in basic steel mills, iron ore mines, Great Lakes ore carriers. There are also about 500,000 additional members working in aluminum mills, can manufacturing, and steel fabricating plants.
2. THE COMPANIES: the negotiations were conducted for 12 of the largest companies:

Allegheny Ludlum Steel Corporation
Armco Steel Corporation
Bethlehem Steel Company
Colorado Fuel and Iron Corporation
Great Lakes Steel Corporation
Inland Steel Company
Jones and Laughlin Steel Corporation
Kaiser Steel Corporation
Republic Steel Corporation
United States Steel Corporation
Wheeling Steel Corporation
Youngstown Sheet and Tube Company

The three largest (U. S. Steel, Bethlehem and Republic) account for approximately 53% of total national steel production. About 85% of the total steel production capacity was struck. The twelve companies worked through The Steel Companies Coordinating Committee.

B. WHAT WERE THE STRIKE ISSUES AS PUBLICLY STATED BY EACH SIDE?

Each side had many things to talk for or against; but not all of these matters carried the same importance. It is generally agreed that those which mattered most were of two kinds. On the one hand were the claims and counter claims having to do with wages and other economic benefits; that is, the economic issue. On the other hand were the demands and counter demands centering on traditional local work rules; this became known as the "2-B" issue, which is the number of the pertinent section of the old United States Steel Corporation contract. In regard to the economic issue, the union was the primary initiator and the companies the resistor; with the 2-B issue these roles were reversed. It should be noted that the economic issue was given a foreign-competition as well as an inflation angle.

THE UNION

A wage and other benefits increase described as amounting to 15¢ per hour was sought.

Continuance of the cost-of-living escalator clause which had prevailed for three years was requested.

Strong contentions were made that the wage increase and the cost-of-living escalator provision could be granted without any price increase in steel. The argument was that both productivity and profits justified the increase, and strong insistence was made that the increases would thus not be inflationary.

Claims were set forth that the upward trend in wages throughout the nation justified an increase in steel-workers' wages. Pre-strike wages in steel averaged \$3.10 per hour but a major point was made that workers in steel do not have a full year of work, the average being about 40 weeks of work per year.

The unions claimed that "work rules" or local working conditions which were actually traditions or practices with long-standing claims, agreed to in writing or by oral affirmation, did not hinder production but often had the good effect of stabilizing local manning problems. They quoted data to support the claim and charged the companies with attempting to restore "industrial dictatorship." The unions offered to write into the contract a

THE COMPANIES

The companies contended strongly that a wage increase would have a dangerous inflationary result.

There was an expressed readiness to grant improved pensions and to make insurance provisions more generous during the current year.

The companies offered a proposal that wages be "frozen" for one year and that the cost-of-living escalator clause be eliminated.

It was later proposed that a "modest" wage increase would be granted next year provided the unions would agree to offset the extra cost by increasing the efficiency of production.

It was strongly held that management would have to have greater authority over work practices ("work rules") at the local plant level to end "feather-bedding and loafing." The companies made this a specific precondition to any agreement on the economic issue which might be reached with the unions.

In the eyes of the company efficiency was at stake under the work rules with all the attendant economic and social benefits. . . . All progress demands flexibility for adjustment to new conditions. . . . Certain rights of

guarantee that work rules are not intended to block progress.

In the eyes of the union the work rules issue demonstrated the deep-rooted anti-union drive in the companies' conduct long before the negotiations even began. It gave substance to President McDonald's statement before the Board of Inquiry that the single cause of the strike was the purpose of the companies "to destroy the virility of the union."

. . . It would turn the clock far back into the past when the employee was without the protection of the union in respect to the rules under which he worked. . . . It tried to deal on a national scale with problems that can only be handled effectively locally.

. . . It was largely a "phony" issue for when the companies offered examples of what they wanted changed these examples proved inept and boomeranged against them.

The unions claimed that profit margins rather than wages are responsible for any difficulties with foreign competition.

The union pointed to the lack of protection for the workers displaced by automation or other technological change. They sought re-training opportunities, earnings protection, and severance pay for those affected by automation.

management are necessary if management is to fulfill its function in our free enterprise system. This particular right had been yielded too easily.

. . . The present 2-B clause retards efficiency, impairs productivity and hence adversely affects wage costs — a matter bearing directly on the economic demands put forth by the union. An increase in productivity rising out of the freedom requested by management from changes in the 2-B clause might well make possible a substantial wage increase without an inflationary price increase. Hence, based on management's stoutly held premise, the work rule issue became joined to the economic issue.

The companies charged that the steel industry in the United States is now suffering severe handicaps in meeting the competition offered by foreign countries where workers are paid lower wages and where other costs are lower.

The companies favored no changes in contract language that now gives them a free hand in technological developments.

The companies called for tighter curbs in "wild cat" strikes.

C. IMPORTANT CONTRIBUTING FACTORS*

1. Apparent toughening of attitude

To what extent did management seem to feel that this was the time to take a firmer stand against the union demands?

2. Role of government

To what extent did the injunction provision of the Taft-Hartley Act encourage either party to believe much could be gained by its application?

What other forms of government activity, either actual or anticipated, were influential?

3. Build up of steel inventory

What was the effect of this unusual factor on the course and outcome of the negotiations?

4. Personality factors
To what extent did personality factors enter into the dispute? Can these factors be evaluated?
5. Unusually high economic position of both parties
To what extent did publication during the proceedings of near record wage and profit levels lead public opinion to discount the claims of both parties?
6. Utilization of mass communication techniques
What was the result of the public relations policies and activities of the two parties in terms of public opinion?
7. The Can, Aluminum and Kaiser Settlements
What was the effect of these agreements on the final outcome of the steel dispute?

II. The Settlement*

Expiration:	June 30, 1962, with no retroactivity
Wages:	7¢ Dec. 1, 1960, and on Oct. 1, 1961 0.2¢ (increment) increase Dec. 1, 1960 and 0.1¢ on Oct. 1, 1961
Cost of Living:	Nothing until Dec. 1, 1960. Adjustments Dec. 1, 1960 and Oct. 1, 1961, but no more than 3¢ first year, over-all 6¢. Maximum reduced if insurance costs exceed specified figure.
Insurance:	Companies to pay full cost of hospital-surgical, life, sickness and accident benefits, plus some changes in amounts.
Pension:	\$2.50 a month for each year before Jan. 1, 1960, and \$2.60 for each year thereafter for up to maximum 35 years. 13 weeks of vacation pay (less any used in year) on retirement. Pension begins after the three months. Full pension for those terminated at or after 55 due to shut-down, lay-off, or illness if employee has 20 years service. \$5.00 more for pensioners (already retired).
SUB:	SUB financing continued on old basis, with a contingent 2¢ an hour payment. Parties to negotiate on further changes.
Work Practices:	Present clauses retained; joint committees will study work practices and make recommendations by Nov. 30, 1960 — but changes can be made only by mutual agreement.
Automation:	Provisions of the old contract retained, giving employers free hand in technological developments.
Others:	Management request for tighter curb on "wildcat" strikes, more flexibility on vacation scheduling, etc. were dropped by management.

* Text adapted from BUSINESS WEEK, Jan. 16, 1960. Used with permission.

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* This list is intended to provide further information for use in stimulating discussion by church people. It presents various points of view on the events and their interpretation. It does not necessarily reflect attitudes or opinions of the National Council of Churches.

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SUGGESTIONS FOR USE OF THIS REPORT IN THE CHURCHES

As indicated elsewhere, this report is for "the information and guidance of church people." A wide reading of it by ministers and members of the churches will lead to this objective. But beyond this the report is also intended "for discussion" in the churches.

The special significance and relevance of the report for individual reading and group discussion lies in considerations such as these:

1. The report represents an effort by the churches to be concrete about a specific national situation of over-arching importance.
2. The report provides analyses, views, and recommendations on dynamic trends and issues throughout our industrial society that need the active understanding and concern of church people both in the immediate and long-term future (see Table of Contents and side-titles).
3. The report's analysis of the role that government played in the steel dispute and its proposals for changes in the Taft-Hartley Act bear directly on issues that will be of direct concern to Congress.
4. While its analysis and views rise out of a year-long study of a national emergency, the tensions and issues discussed in the report have meaning for church people *in their local and community manifestations*.

To encourage church people to read and discuss the report, we suggest:

First, that denominations, councils of churches, pastors, and other church leaders bring the report to the attention of individuals who would be interested and helped by reading it. In this list there may be leaders in the community as well as in the churches.

Second, program planning committees and leaders of church groups will find the following *aids for discussion purposes* in the document itself:

- a) The topics of the sections of the report as listed in the Table of Contents suggest main subjects for discussion.
- b) The side-titles throughout the report provide a helpful breakdown of specific areas and issues.
- c) Appendix B: A Brief Analysis of Facts and Issues Related to the Dispute (pp. 34 to 37) affords a further organization of discussion topics.
- d) The Selected Reading List (pp. 38-39) gives additional resource materials for the leader and his discussion helpers.

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